

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 066208
ORIGIN EA-06

INFO OCT-01 ISO-00 /007 R

DRAFTED BY EA:EHHEGINBOTHAM:LRR
APPROVED BY EA - EHHEGINBOTHAM
EA/TIMBS - ECHESKY

DESIRED DISTRIBUTION
EA ONLY

-----115457 151349Z /42
R 150354Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

LIMITED OFFICIAL USE STATE 066208

LIMDIS

E.O. 11652: N/A

TAGS: EGEN, ID

SUBJECT: PROPOSED LETTER TO BOI GOVERNOR RACHMAT SALEH

REF: HEGINBOTHAM-WIDJOJO DISCUSSION IN JAKARTA MARCH 4

1. FOLLOWING IS TEXT OF PROPOSED LETTER TO BOI GOVERNOR RACHMAT SALEH, WHICH EMBASSY IS REQUESTED AT ITS DISCRETION TO TRANSMIT SUBJECT TO ANY CHANGES YOU MIGHT SUGGEST:

2. BEGIN TEXT: DEAR GOVERNOR: UNEXPECTED BUSINESS TOOK ME TO JAKARTA LAST WEEK AND I HAD HOPED TO CALL ON YOU BRIEFLY THEN. FAILING THAT I WANT TO TAKE THIS OPPORTUNITY TO RAISE WITH YOU A MATTER WHICH HAS CONCERNED ME FOR SOME TIME.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 066208

YOU WILL BE AWARE THAT A SUB-COMMITTEE OF THE SENATE BANKING AND CURRENCY COMMITTEE SUMMONED ME LATE LAST YEAR TO TESTIFY ON MY EXPERIENCE WITH THE PERTAMINA DEBT SITUATION IN INDONESIA. THEIR CONCERN WAS THAT COMMERCIAL BANK ACTIVITY MIGHT UNDERMINE THE EFFECTIVENESS OF LOAN CONDITIONS BEING ESTABLISHED IN THE IMF WITTEVEEN FACILITY.

I WAS DEEPLY DISTRESSED TO DISCOVER THAT THE SUB-COMMITTEE REPORT, WHICH IN PART VERY BRIEFLY SUMMARIZED AND INTER-

PRETED MY TESTIMONY, MISUNDERSTOOD OR MISREPRESENTED ME AS SAYING THAT THE U.S. GOVERNMENT/EMBASSY HAD PUT PRESSURE ON THE INDONESIAN GOVERNMENT TO GET IT TO SETTLE THE PERTAMINA DEBTS. NEITHER I NOR ANY OF MY COLLEAGUES WHO ATTENDED THIS SESSION, NOR THE FULL TRANSCRIPT OF THE TESTIMONY WHICH HAS NOT BEEN PUBLISHED BUT WHICH WE HAD A FEW DAYS TO REVIEW, IDENTIFIES ANY STATEMENT BY ME WHICH ASSERTED OR IMPLIED SUCH PRESSURE. I OF COURSE MADE NO SUCH ASSERTION OR IMPLICATION. QUITE THE CONTRARY, I WAS MOST EXPLICIT IN EXPRESSING UNQUALIFIED PRAISE FOR THE EXCEPTIONAL SKILL AND PROFESSIONALISM WITH WHICH YOU AND THE INDONESIAN GOVERNMENT HANDLED THE ENTIRE MATTER, AT THE TIME OF THE THREATENED DEFAULTS AND SUBSEQUENTLY. I REPEATEDLY STRESSED THAT THE AMERICAN EMBASSY ROLE WAS SOLELY TO MAINTAIN CLOSE COMMUNICATIONS WITH THE PRINCIPLE PARTIES CONCERNED TO MAKE SURE THAT NO ONE TOOK ANY PRECIPITOUS ACTION WITHOUT THE FULLEST AND MOST UP-TO-DATE INFORMATION ON EFFORTS BEING MADE BY YOUR GOVERNMENT TO RESOLVE THE PROBLEM.

I AM ESPECIALLY CONCERNED TO HAVE ALL MY OFFICIAL INDONESIAN FRIENDS UNDERSTAND THAT THE SUB-COMMITTEE REPORT, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 066208

AS WELL AS THE STRAITS TIMES AND THE ASIAN WALL STREET JOURNAL ARTICLES WHICH COVERED THIS REPORT, WERE WRONG IN ASSERTING THAT I TESTIFIED TO SUCH U.S. PRESSURES. IF YOU BELIEVE IT WOULD BE HELPFUL PLEASE FEEL FREE TO FORWARD A COPY OF THIS LETTER TO ANY OF YOUR COLLEAGUES WHO MIGHT HAVE BEEN CONCERNED BY THESE REPORTS, POSSIBLY INCLUDING MINISTERS ALI WARDHANA, SADLI AND WIDJOJO.

AS YOU MAY LEARN, I HAD VERY USEFUL TALKS WITH MINISTERS WIDJOJO AND RADIUS PRAWIRO AND OTHERS, CONCERNING POSSIBLE IMPROVEMENTS IN OUR ECONOMIC ASSISTANCE TO INDONESIA.

WITH BEST WISHES, SINCERELY, ERLAND H. HEGINBOTHAM. END TEXT.

3. PLEASE SEND A BLIND CARBON COPY TO DR. ARIFIN SIREGAR AT THE BANK OF INDONESIA. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBTS, LOANS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE066208
Document Source: CORE
Document Unique ID: 00
Drafter: EHHEGINBOTHAM:LRR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780115-0299
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780365/aaaaccoc.tel
Line Count: 111
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bb40cec6-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3321349
Secure: OPEN
Status: NATIVE
Subject: PROPOSED LETTER TO BOI GOVERNOR RACHMAT SALEH
TAGS: EGEN, ID, IMF
To: JAKARTA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/bb40cec6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014